

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2018-8

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE CONCERNING CHANGES IN RATES OF  
GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(October 24, 2017)

The Public Representative hereby provides comments pursuant to Commission Order No. 4154 concerning proposed changes in Postal Service rates of general applicability for competitive products.<sup>1</sup> In Order No. 4154, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service notice of rate changes filed pursuant to 39 C.F.R. § 3015.2.<sup>2</sup>

Attached to the Postal Service's Notice are Governors' Decision No.16-8<sup>3</sup> that establishes the rate changes for all competitive products except First-Class Package Service –Retail and Governors' Decision No. 16-10 that establishes the rate changes for First-Class Package Service – Retail.<sup>4</sup> Both governors' decisions also state that the changes comport with section 3633(a) of title 39 of the U.S. Code and 39 C.F.R. § 3015.7. Governors' Decision No. 16-8 at 1; Governors' Decision No. 16-10 at 1. These sections require that the revenue of each competitive product cover its attributable costs. 39 U.S.C. § 3633(a)(2); 39 C.F.R. § 3015.7(b). The Postal Service filed with its

---

<sup>1</sup> Notice and Order Concerning Changes in Rates of General Applicability for Competitive Products, October 10, 2017 (Order No. 4154).

<sup>2</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision Nos. 16-8 and 16-10, October 6, 2017 (Notice).

<sup>3</sup> Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products, November 14, 2016 (Governors' Decision No. 16-8).

<sup>4</sup> Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products, December 5, 2016 (Governors' Decision No. 16-10).

Notice public and non-public versions of supporting materials that include FY2018 projected volume, revenue and cost data, and price adjustment calculations.

Chairman's Information Request No. 1, issued on October 19, 2017, sought to clarify the Postal Service's planned competitive product price adjustments.<sup>5</sup> The Postal Service responded to the information request and filed its response under seal.<sup>6</sup>

## COMMENTS

The Postal Service's proposal seeks changes in prices for the majority of competitive products and services. See Tables 1 and 2 below.

**Table 1: Proposed Price Changes for Competitive Domestic Products**

<b>Competitive Product</b>	<b>Average Price Increase (%)</b>
<b>Domestic Competitive Products</b>	
<b>Priority Mail Express Overall</b>	<b>3.9</b>
Retail	3.9
Commercial Base	3.7
Commercial Plus	3.7
<b>Priority Mail</b>	<b>3.9</b>
Retail	0.8
Commercial Base	6.2
Commercial Plus	6.1
<b>Parcel Select</b>	<b>6.7</b>
Traditional	4.9
Lightweight	7.0
<b>Parcel Return Service</b>	<b>4.9</b>
Return Sectional Center Facility	5.2
Return Delivery Unit	4.6
<b>First-Class Package Service</b>	<b>6.5</b>
Commercial	3.9
Retail	14.5
<b>Retail Ground</b>	<b>3.9</b>
<b>Domestic Extra Services</b>	
<b>Premium Forwarding Service Enrollment Fee</b>	<b>3.9</b>
Residential	3.9
Commercial	3.9
<b>Adult Signature Service</b>	<b>N/A</b>
Basic (Required)*	3.4
Person-Specific (Restricted Delivery)*	3.3
<b>Competitive Post Office Box</b>	<b>6.5</b>
<b>Package Intercept Service</b>	<b>3.9</b>
<b>Pick-up on Demand</b>	<b>0.0</b>

<sup>5</sup> Docket No. CP2018-8. Chairman's Information Request No. 1, October 19, 2017 (CHIR No. 1).

<sup>6</sup> Docket No. CP2018-8. USPS Response to Chairman's Information Request No. 1, With Materials Filed Under Seal, October 19, 2017 (Response to CHIR No. 1).

<b>Retail Products<sup>7</sup></b>	<b>N/A</b>
<b>Address Management Prices<sup>8</sup></b>	
<b>AEC<sup>**</sup></b>	
<b>AMS API<sup>**</sup></b>	
<b>International Address Enhancement Services<sup>**</sup></b>	

Source: Order No. 4154 at 3. See Governors' Decision No. 16-8 at 2-5; Governors' Decision No. 16-10 at 1.

\* The products in parenthesis represent product names listed in the Postal Service's worksheet filed in this docket. These names diverge from the nomenclature in the MCS.

\*\* See Footnote No. 8

**Table 2: Proposed Price Changes for Competitive International Products**

<b>Competitive International Product</b>	<b>Average Price Increase (%)</b>
<b>International Competitive Products</b>	
<b>Global Express Guaranteed</b>	<b>3.9</b>
<b>Priority Mail Express International</b>	<b>3.9</b>
Retail	3.9
Commercial Base	3.9
<b>Priority Mail International</b>	<b>3.9</b>
Retail	3.9
Commercial Base	3.9
<b>International Priority Airmail</b>	<b>3.9</b>
International Priority Airmail M-Bags	3.9
<b>International Surface Air Lift</b>	<b>3.9</b>
International Surface Air Lift M-Bags	3.9
<b>Airmail M-Bags</b>	<b>3.9</b>
<b>First-Class Package International Service</b>	<b>3.9</b>
Retail	3.9
Commercial Base	3.8
Commercial Plus	3.8
<b>International Ancillary Services and Special Services</b>	
<b>International Ancillary Services<sup>9</sup></b>	<b>3.9</b>

Source: Order No. 4154 at 3. See Governors' Decision No. 16-8 at 2-5; Governors' Decision No. 16-10 at 1.

The Public Representative has reviewed all the documentation filed in this docket. Based upon that review, the Public Representative concludes that the

<sup>7</sup> The Postal Service includes several products within Retail Products: Greeting Cards, Gift Cards, and Stationery; Shipping and Mailing Supplies; and Officially Licensed Retail Products. Filename 'New Docket No. CP2018-8 (10.6.2017), ZIP 'Price Calc Files', Excel Workbook 'SpecServ Calc'.

<sup>8</sup> The Postal Service includes three main products within Address Management Prices: Address Element Correction, Address Matching System Application Program Interface, and International Address Enhancement Services. The Postal Service lists several price changes for the sub products of these main products. Filename 'New Docket No. CP2018-8 (10.6.2017), ZIP 'Price Calc Files', Excel Workbook 'AEC, AMS-API and TIGER ZIP+4'.

<sup>9</sup> The Postal Service includes several product names within International Special Services that do not mirror the MCS: Certificate of Mailing-Individual Pieces, Certificate of Mailing-Bulk Quantities, Registered Mail, Return Receipt, Customs Clearance and Delivery Fee, Priority Mail Express International Insurance, Priority Mail International Insurance, and International Postal Money Orders. Filename 'New Docket No. CP2018-8 (10.6.2017)', ZIP 'Price Calc Files', Excel Workbook 'Intl SpecServ Calc'.

proposed rates of general applicability are consistent with the requirements of 39 U.S.C. § 3632, 3633(a)(2), and 39 C.F.R. part 3015. However, the Public Representative identifies the following issue with the Postal Service's Notice.

### **Vacancies on Board of Governors**

The Board of Governors of the Postal Service normally consists of up to nine governors appointed by the President of the United States with the advice and consent of the Senate.<sup>10</sup> These nine governors are responsible for selecting the Postmaster General, who becomes the tenth member of the Board. *Id.* at 202(c). The ten members select the Deputy Postmaster General, who also serves on the Board.<sup>11</sup> Currently, there are nine vacancies that exist on the Board.<sup>12</sup>

The Public Representative is concerned with the current state of the Board and its potential effect on Governors' Decisions 16-8 and 16-10—both decisions authorize the competitive product price adjustments proposed in the Notice. Notice at 1. These governors' decisions are dated before the current prices went into effect<sup>13</sup> and before the Commission approved the transfer of First-Class Parcels from the Market Dominant Product List to the Competitive Product List.<sup>14</sup> The Board of Governors is to exercise its powers in a manner that is "mindful of the competitive business environment in which the Postal Service operates." 39 C.F.R. § 1.1. As the filing dates of the Postal

---

<sup>10</sup> 39 U.S.C. § 202(a)(1) (Nine of the members [of the Board of Governors], to be known as Governors, shall be appointed by the President, by and with the advice and consent of the Senate[.]").

<sup>11</sup> *Id.* at 202(d). In November 2014, the Governors adopted a resolution regarding the exercise of those powers conferred by law solely to the Governors as distinguished from the full Board, which include the appointment and removal of the Postmaster General and the establishment of prices and classifications for postal services. The Governors determined that their ability to exercise those powers reserved to the Governors was not impacted by the loss of a Board quorum. In calendar year 2016, the Board of Governors operated under authority delegated to the Temporary Emergency Committee (TEC), which included one Governor, the Postmaster General and the Deputy Postmaster General. The TEC will continue in existence until the Board is again able to assemble a quorum. See <https://about.usps.com/who-we-are/leadership/board-governors.htm>.

<sup>12</sup> Appointments are made when vacancies occur or for the remainder of unexpired terms. Each governor's term expires on December 8 of a given year. Governors may continue to serve following expiration of their term or until a successor is appointed but not for more than one year. No person may serve more than two terms as a governor. See <https://about.usps.com/who-we-are/leadership/board-governors.htm>.

<sup>13</sup> Docket No. CP2017-20, Order No. 3622, Order Approving Price Adjustments for Competitive Products, November 18, 2016 (Commission approved competitive product price changes, which went into effect on January 22, 2017); Docket No. CP2017-230, Order No. 4032, Order Approving Price Adjustment for First-Class Package Service Product, August 9, 2017 (Commission approved price change for First-Class Package Service Retail following the transfer of First-Class Parcels from the Market Dominant Product List to the Competitive Product List, which went into effect on September 9, 2017).

<sup>14</sup> Docket No. MC2015-7, Order No. 4009, Order Conditionally Approving Transfer, July 20, 2017.

Service's requests for competitive price adjustments of general applicability moves further from the dates of the governors' decisions that authorize these requests, the Commission should consider whether the competitive business environment that existed when the request was authorized has changed.

The Public Representative hereby submits the foregoing comments for the Commission's consideration.

Respectfully submitted,

Curtis E. Kidd  
Public Representative

901 New York Avenue, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6881  
curtis.kidd@prc.gov